

1 CHAIR JAMES: Technology and the future of gambling --  
2 with all of these I know that we're going to go through continued  
3 writes and rewrites and revisions, and I would ask that we focus  
4 our attention entirely on the broad policy discussions as well as  
5 on any concrete recommendations that the Commissioners would like  
6 to see included.

7 With that, I'm going to ask John Shosky to go ahead and  
8 begin.

9 DR. SHOSKY: Thank you, Madam Chair.

10 Briefly, the technology chapter covers the following  
11 topics. And, of course, there's a large discussion about  
12 internet gambling, but I think you'll notice that compared to  
13 previous drafts at the request of the Commissioners the  
14 discussion about some of the legal commentary has been  
15 substantially cut. Of course, we have saved that.

16 And what you'll notice in its absence is the  
17 state-by-state discussion of the law, which we could -- which we  
18 still have if there is the determination at a later date that  
19 that's needed.

20 The discussion about prohibition --

21 CHAIR JAMES: Let me just say for the benefit of  
22 Commissioners who are looking, that's behind Tab 7 in the  
23 briefing book, so that we're all on the same page here.

24 DR. SHOSKY: Yes. I should have mentioned that. I  
25 apologize.

26 Anyway, this is Tab 7. And concerning internet  
27 gambling, the recommendation on prohibition is the major  
28 recommendation there, as you know.

29 Interestingly, we have, under the new format, also  
30 added in a section entitled "Technologically Advanced Gambling

1 Products," and so there is now a discussion in this chapter of  
2 video machines, account wagering, and other gambling devices.  
3 Some of that material we had discussed earlier in terms of the  
4 parimutuel chapter, and you would now find that here.

5 And I think that's all I need to say to get started.  
6 Thank you, Madam Chair.

7 CHAIR JAMES: In terms of any broad policy discussions  
8 -- and, Bill I know you are going to be taking a look at this --  
9 any direction that you want to give, any issues that need to be  
10 discussed --

11 COMMISSIONER LOESCHER: Madam Chair?

12 CHAIR JAMES: Commissioner Loescher.

13 COMMISSIONER LOESCHER: Just on the recommendation that  
14 says that the Commission recommends uniformly prohibiting, and I  
15 just want to say for the record again, as I had said before, that  
16 I am concerned about internet gaming showing up in our living  
17 rooms on our TV sets.

18 But also, for the record, I am very aware of the  
19 telecommunications industry and the broad band services that are  
20 going to be interactive -- computer and TV service that every  
21 home in America will have within the decade. And also, I'm very  
22 much aware that once there is some kind of uniform regulation  
23 between and among states in this area, I believe that state  
24 governments and the public will be considering this kind of  
25 activity.

26 So for the record, I would like you to note that I am  
27 not joining in the uniformity section. I object to this  
28 recommendation.

29 CHAIR JAMES: Any other discussion?

1 COMMISSIONER MOORE: When we speak of internet and all  
2 of this technology now, are we referring any of this to just the  
3 plain telephone and things that are going on at the present time  
4 and how they might be expanded, like horse racing and what have  
5 you, or other forms of racing that they say is out there now that  
6 people are in? Where does that come? Bill, where does that  
7 come?

8 COMMISSIONER BIBLE: Well, this would be the place  
9 where you would craft it because it has been expanded. As John  
10 indicated, just beyond the internet, to talk about technology  
11 generally, and you have technology where you're providing common  
12 pool wagering. You have simulcasting. You have a number of  
13 deployment of technological features throughout the industry.

14 COMMISSIONER MOORE: So our conversations and our  
15 recommendations are going to be the same for the others as they  
16 are for the internet, or are we going to break them out?

17 COMMISSIONER BIBLE: I believe at least at the Internet  
18 Subcommittee last -- the last recommendation was that we would  
19 prohibit the use of internet, there would be no exceptions, is  
20 what Commissioner McCarthy was pressing for.

21 CHAIR JAMES: I would -- I'm sorry. Go ahead.

22 COMMISSIONER LANNI: I'm sorry. And would Commissioner  
23 McCarthy term account wagering and simulcasting of racing as  
24 internet? I don't look at that as internet.

25 COMMISSIONER MCCARTHY: Simulcasting is in place.  
26 We're not talking about that.

27 COMMISSIONER LANNI: And how about -- there are certain  
28 states that have account betting. I think there are five of  
29 them, something -- seven? Seven states that have account

1     wagering.     What is the Internet Subcommittee's suggestion on  
2     that?

3             COMMISSIONER McCARTHY:     I don't think we have finally  
4     resolved that issue.

5             CHAIR JAMES:     Well, my --

6             COMMISSIONER LANNI:     I have some distinct feelings on  
7     that subject, as I currently have on many subjects.

8             COMMISSIONER McCARTHY:     We'll make a point of  
9     absolutely consulting you.

10            COMMISSIONER LANNI:     No, you don't need to.     I really  
11     just need to know --

12            COMMISSIONER McCARTHY:     No.     That wasn't said --

13            COMMISSIONER LANNI:     No, I didn't take it that way.  
14     I'm saying, I'm just more interested in hearing what the proposal  
15     is, because when I think of internet -- and I certainly support  
16     the position of the ban --

17            COMMISSIONER McCARTHY:     When the chairman of the  
18     subcommittee gives me his draft, I'll be happy to talk to you.

19            COMMISSIONER LANNI:     All right.     Fair enough.

20            One aspect of the internet, though, I would say -- I  
21     want to leave open the issues of the simulcasting and the issues  
22     of account wagering, and hear the thoughts of the subcommittee  
23     beforehand.

24            But one aspect of internet -- and I know that we talked  
25     about this yesterday, the aspect that we can't control much  
26     outside the country of the United States.     But I think in our  
27     recommendations we should encourage, as I had mentioned briefly  
28     yesterday, the government of the United States in its  
29     relationships -- trading partners, allies, and what have you --

1 to encourage them not to harbor these facilities -- and the Turks  
2 and Caicos Islands and others, which do prey upon --

3 COMMISSIONER McCARTHY: Has to be a part of it.

4 COMMISSIONER LANNI: -- in the United States. And I  
5 think I'd like to see that be a part of the recommendation, even  
6 though there's obviously limitations of what government can do  
7 outside the boundaries of the country.

8 CHAIR JAMES: I would remind Commissioners that there  
9 have been several recommendations made, suggestions made,  
10 consensus reached on a variety of these issues, and I'm looking  
11 forward to the Executive Director pulling those out and getting  
12 -- and specifying priority, even in this area.

13 And we thank our internet subcommittee for all of the  
14 work that they are doing, and look forward to receiving that.

15 With that, I want to move quickly ahead to people and  
16 places. Let me just say this -- that in this particular area we  
17 have -- we are not quite as prepared to discuss this chapter, I  
18 think, as some others. A great deal of work has been done by  
19 several Commissioners, and a part of what the staff has to do and  
20 what I have to do is do some consensus and pulling a lot of that  
21 document together.

22 And if there is no objection, I'd like to delay that  
23 until we've had an opportunity to do that. And we'll try to get  
24 something out for you all to look at so that we can have that  
25 discussion.

26 COMMISSIONER WILHELM: I'm sorry. Do you mean you  
27 don't want to discuss this now?

28 CHAIR JAMES: I'd would be happy to discuss it to  
29 receive any feedback that you have. But I'm not prepared to  
30 discuss a particular --

1 COMMISSIONER WILHELM: Okay.

2 CHAIR JAMES: -- document.

3 COMMISSIONER WILHELM: I'd like to discuss it, if  
4 that's appropriate.

5 CHAIR JAMES: It's always appropriate. Having said  
6 that, John, just -- I don't think that our document is at the  
7 point where with the three documents that we have that we can go  
8 through line by line and discuss --

9 COMMISSIONER WILHELM: No, I wasn't --

10 CHAIR JAMES: -- each little thing.

11 COMMISSIONER WILHELM: No.

12 CHAIR JAMES: But I'm happy to receive any input that  
13 you all have as I work with that.

14 COMMISSIONER WILHELM: Thank you. I wasn't proposing  
15 to go line by line. I believe that the apparent direction of  
16 this section, at least in its present form, is extremely partial.  
17 And by that I mean to a substantial degree I don't have a  
18 disagreement personally with much of what is here; for example,  
19 much of what is in the document that Richard drafted dated  
20 yesterday.

21 But I think that it's so partial as to be somewhat  
22 overwhelming, even to think about how to comment upon it.  
23 There's a reference in here someplace to my having been invited,  
24 which I have been and I appreciate that opportunity, to submit  
25 some language about economic impact and jobs.

26 And there you go, for the first time in four days I  
27 said that before noon.

28 (Laughter.)

29 CHAIR JAMES: Well, you had it in. I clocked you twice  
30 already.

1 COMMISSIONER WILHELM: I know. But nobody took notes,  
2 so I just thought I'd --

3 CHAIR JAMES: I did. I did.

4 COMMISSIONER WILHELM: Thank you.

5 And I appreciate that opportunity and will do that.  
6 But much more broadly than some specific ingredients about jobs  
7 and economic impact, I think that -- and I recognize, as you say,  
8 Kay, that there is multiple drafts of this language around. And  
9 I believe I've read all of them, including Richard's last night.

10 I think what runs through all of them is a peculiar  
11 sort of imbalance that appears to have arrived in this  
12 Commission. And I'm very troubled by it. I'm troubled by it not  
13 only with regard to this particular chapter, but I'm troubled by  
14 it with regard to the possibility, a) that we will issue a final  
15 report at all, which I believe to be in doubt given where we are  
16 and where we need to go and the timeframe, and b) the notion that  
17 we might have a report that is five to four or six to three, one  
18 way or another, which seems to me to be a live possibility, if,  
19 indeed, we have a report at all.

20 I think that's a very, very unfortunate result, if  
21 that's where we get. Clearly, it's unfortunate that we don't  
22 have a report at all, although I suppose some people would argue  
23 the public is safer if we fail to issue a document. But,  
24 clearly, that would be an unfortunate result.

25 But if we issue one in which we're badly split,  
26 regardless of where the majority might be in any particular item,  
27 it seems to me that we eliminate any possibility that we might  
28 otherwise have to have an impact.

29 We all know that this report is merely recommendations  
30 to people and to government institutions and leaders. And I

1 think if it's five to four or six to three, or something like  
2 that, on major issues that the possibility that anybody might pay  
3 attention to it is diminished.

4 Now, I recognize that all of the parties of interest  
5 groups could do like people do with research, as was commented  
6 earlier. People could, you know, lift out of it whichever  
7 sentences they happen to like and rush off and make their  
8 speeches. But I don't believe any of us have spent the last two  
9 years simply to get to that purpose.

10 And I think all of these drafts of people and places  
11 reflect the imbalance that has crept in here. I believe that  
12 every single member of this Commission, with no exception so far  
13 as I know, has cooperated in focusing an enormous amount of  
14 attention and energy on the problems associated with the problem  
15 and pathological gambling. I think that's entirely appropriate.  
16 I have done so myself, but I am not unique. So have all of the  
17 other eight of you.

18 With respect to dollars, all of the Commissioners have  
19 cooperated in aiming the overwhelming majority of the dollars  
20 that the Commission had at its disposal at the problem and  
21 pathological gambling arena. And, again, I think that's entirely  
22 appropriate.

23 But then we have this peculiar imbalance that has  
24 arrived as an apparent result of all of the Commissioners having  
25 cooperated in that thrust and emphasis.

26 In the Research Committee, for example, other than  
27 minor portions of what NORC and the NRC did, we devoted a total  
28 of \$27,000 to the economic issue. We asked a fellow from  
29 Pennsylvania to take a look at the existing economic literature  
30 and tell us what it said.



1           And then we've beaten the heck out of that guy in his  
2 report. My God, what a piece of junk. Well, we paid \$27,000 for  
3 it. You could argue that the \$1.6 million we paid to NORC wasn't  
4 much better. But when we have such a disproportionate amount of  
5 resources aimed at the economic impact, which is supposed to be  
6 half of what we're studying -- we're supposed to be studying  
7 economic and social impact.

8           We have not been doing that with respect to our  
9 research dollars. We have been studying social impact, and  
10 that's okay. I've supported that. But I supported that on the  
11 misguided assumption that there would be some balance in what we  
12 finally do here.

13           I know people get tired of me talking about the  
14 economic issues that face this country. I realize that. And I  
15 probably haven't been as mindful of that as I should because I  
16 know people say to themselves, "Well, you know, I wish he'd just  
17 finish saying jobs and shut up again." But I'm not going to, and  
18 I'm not going to because I think it's wrong.

19           And, more importantly, I think that we have -- we are  
20 in the process before our eyes of abrogating our statutory  
21 direction. We're going to write a report here about social  
22 impact. Period.

23           Now, why do I say that? I say that because every one  
24 of these drafts that comes by says there's a horrendous social  
25 impact. Problem and pathological gambling is rampant and it's  
26 terrible, and I agree with that. And no one has ever heard me  
27 argue against that or take positions against that overtly or  
28 covertly.

29           But there's a lot of other problems in this country  
30 that lead to the same kinds of social conditions and social

1 problems that problem gambling leads to. I know you don't like  
2 to hear me say this, folks, but unemployment is a terrible  
3 problem in this country, and so is underemployment.

4 There are portions of this country, even in our  
5 so-called booming economy -- inner cities, Indian reservations,  
6 rural areas -- where unemployment, the old-fashioned way of being  
7 poor and destitute, unemployment, is rampant.

8 Now, nobody wants to talk about that in our so-called  
9 booming economy, but it's the truth. And there are vast portions  
10 of this country -- urban, suburban, and rural -- where  
11 underemployment is rampant. And what does that mean? That means  
12 people who show up to work every day like you're supposed to,  
13 live the American dream, you're not one of these shiftless people  
14 that you hear about in the propaganda, you show up to work every  
15 day, and you work hard -- and, in fact, you often work two and  
16 three jobs -- and you don't earn enough to make a living.

17 You don't earn enough to do the things that every  
18 person would like to do for their family. And you don't have any  
19 medical insurance, and you have no retirement, and you're a  
20 burden on the taxpayers, even though you don't want to be. You  
21 do what we're taught to do growing up in this country. We go to  
22 work every day, and you can't make ends meet.

23 Now, these drafts write this report, or seek to write  
24 it, as though that problem has nothing to do with the gambling  
25 industry. And I realize that would be more convenient. It would  
26 be more convenient if we could just say, "Well, the problem with  
27 pathological gambling is a terrible problem, and we've got to  
28 deal with it."

29 Now, I want to say that, and I think every Commissioner  
30 here wants to say that. I don't want to stop there, because we

1 were charged by the Congress to deal with the economic impact.  
2 And these drafts don't do that, not only in this section nor in  
3 any section.

4 And we can't fix that by sticking in four pages  
5 someplace, as Commissioner McCarthy suggested earlier -- he  
6 didn't say four. I'm being unfair. Sticking in some pages  
7 someplace that talk about economic impact. That's not going to  
8 deal with it, because the whole tone of this report so far, as  
9 it's being drafted, is there is no economic issue.

10 The record, however, is different. To the paltry  
11 extent that our research -- and I cooperated in this. I'm  
12 equally guilty of having let this happen because I thought there  
13 was more balance in this Commission. But the paltry extent to  
14 which our research addressed the economic questions, what does it  
15 say?

16 The NRC report, which spends very little time on the  
17 economic impact -- and rightly so because that wasn't their  
18 principal charge -- says that the record shows that -- I'm sorry,  
19 the literature shows that in economically depressed communities  
20 there is a clear economic benefit to gambling, and particularly  
21 to casino gambling.

22 NORC, when you wade through what NORC says -- and,  
23 again, I am on the program that, like it or not, NORC is -- we  
24 commissioned them, we paid them a boatload of money, the report  
25 is what it is. NORC says that in communities that introduce  
26 casino gambling unemployment goes down, welfare goes down, all  
27 other kind of good things happen, even though most of the  
28 communities they studied are not near unionized casinos.

1           And I think the record shows that if they were that the  
2 statistics would be even more positive. And we have more record  
3 to. We have testimony.

4           Now, I'm with Commissioner Loescher. I think testimony  
5 ought to be listened to. You know, some people criticize  
6 so-called anecdotal testimony about problem gambling. Well, I  
7 disagreed with that and said so publicly. I think anecdotal  
8 testimony about things like problem gambling is very important.  
9 Commissioner Loescher referred to this earlier.

10           And so is so-called anecdotal testimony about the  
11 economic impact of gambling. As I said earlier, other than the  
12 estimable Woody Jenkins, I don't remember an elected leader who  
13 came before -- and maybe I'm forgetting one somewhere, but I  
14 don't remember another one, besides Mr. Jenkins, who came before  
15 this Commission and talked about the economic impact of casino  
16 gambling in their communities who didn't say it was positive.

17           I don't remember a worker -- and there wasn't one or  
18 two or three. There was lots and lots of workers who came on  
19 their own time with no -- as Jim pointed out the other day, no  
20 expenses paid by this Commission, to talk about what those jobs  
21 mean to them.

22           I don't recall a tribal leader who came before this  
23 Commission who didn't have good things to say about the positive  
24 economic impact of casino gambling on the reservations. And yet,  
25 in spite of that record, in spite of what the research people  
26 said, to the extent that they said anything, and in spite of the  
27 testimony of state and local tribal officials, and in spite of  
28 the testimony of workers, and in spite of the fact that all of  
29 that testimony is completely lopsided, what do we have here?

1           We have, well, the social impacts are horrible because  
2 we have problem and pathological gambling. And who knows what  
3 the economic impact might be? We can't decide it to a certainty.

4           Bob Loescher made reference earlier that as a business  
5 executive sometimes he has to actually make a decision. Well,  
6 let's read a sentence here on page of Richard's most recent  
7 draft. It says, and I quote, "No reasonable decision could be  
8 made without an assessment of social costs." Well, I beg to  
9 differ.

10           I think that when the people of Gary, Indiana, decided  
11 to have a casino, in their circumstances they were making a  
12 reasonable decision. And I dare anybody to go to Gary, Indiana,  
13 and stand in the public square and tell them they made an  
14 unreasonable decision. I don't think there's any record here to  
15 support that, and we're supposed to go on our record. We're not  
16 supposed to go on what somebody's opinion might happen to be.

17           I read in another document that at any given time 94 to  
18 96 percent of the people in America are working, so jobs are  
19 irrelevant because if they weren't working in a casino they'd be  
20 working someplace else. Go to downtown Bridgeport and stand  
21 there in the public square and tell them, "Jobs are irrelevant."  
22 I suppose what we'd say to them is, "Well, you're just as well  
23 unemployed by not having a casino as you're unemployed by not  
24 having a factory."

25           I am for talking about the social impact and the costs  
26 and the problems that have been created. And I think the gaming  
27 industry -- and I've said this numerous times -- has been remiss  
28 in not dealing with this problem in a much more constructive way  
29 much earlier.

1           To be frank with you, I don't happen to think the  
2 people in the gambling industry have horns. I think they've been  
3 caught just as much by surprise, as Commissioner Leone and  
4 Commissioner McCarthy keep pointing out -- and rightly so -- by  
5 what's happened in the last few years with the expansion of  
6 gambling and the cascading of impacts as anybody else has.

7           And that's why even though the members that pay my  
8 salary, many of them work in the gambling industry, many of them  
9 don't -- the majority of them don't, but many of them do --  
10 that's why I've supported this notion of a pause.

11           But we're talking about a one-sided report here, and  
12 every one of these drafts reflects that. We're talking about  
13 those of us who think economics matters, and those of us who  
14 believe that we ought to follow the statute that created us,  
15 agreeing with those of you whose primary concern is problem and  
16 pathological gambling.

17           Speaking only for myself, I don't want to speak for  
18 others, but I think the record of the Commission's actions is  
19 clear. I have supported every one of those efforts. But those  
20 of you who appear to have that as your paramount concern  
21 apparently think the economic impact piece of this is irrelevant,  
22 and you want to hide in the notion that, well, because we cannot  
23 say with finality what is the precise economic impact in every  
24 corner of America of gambling, therefore, let's say, "Who knows?"

25           We're supposed to act based on our record here, and our  
26 record is not, who knows? Now, it may be your opinion, who  
27 knows? But our record is that in many kinds of communities in  
28 this country, including, in particular, economically depressed  
29 communities, urban and rural, as well as Indian reservations,

1 that there is a net positive economic impact. But you can't find  
2 that in any of these drafts.

3 Now, I naively hoped that somewhere along the way we'd  
4 find that, and that we wouldn't find it in a footnote on page 89  
5 or in an appendix on page 412. I don't think there's going to be  
6 a report here unless the report is balanced, and I don't say that  
7 as any kind of a threat. I don't want to be misunderstood here.  
8 Quite the opposite.

9 It would make me sick to my stomach to think that I  
10 spent two years here and we can't even come up with a report. Or  
11 that we come up with a report which is so badly split as to have  
12 no impact at all.

13 Now, more specifically -- and I can see the impatience  
14 on some of my fellow Commissioners' faces, and, frankly, I don't  
15 care anymore. More specifically, there is absolutely nothing in  
16 any of these drafts about people and places that talks -- we're  
17 supposed to talk about net costs. That's the mantra here. We've  
18 got to know about net costs. We've got to figure everything.  
19 We've got to figure every plus and minus that there is.

20 Well, what about the net cost of unemployment? It's  
21 not in here anywhere. There is a cost to unemployment.

22 Now, can economists determine with decimal place  
23 precision what is the exact economic cost and social cost of  
24 unemployment? Probably not. Should we, therefore, say, "Well,  
25 there is no net cost to unemployment; and, therefore, let's not  
26 even mention it"? I don't think that makes sense.

27 There's a cost to poverty and unemployment in this  
28 country. There's a cost in crime. There's a cost in broken  
29 families. There's a cost in lost productivity. There's a cost  
30 in teenage pregnancy. There's a cost in single parents. There's

1 an enormous cost. It's not in here anyplace. We're going to  
2 ignore that.

3 CHAIR JAMES: John, we're not going to ignore that.

4 COMMISSIONER WILHELM: Well, we are going to ignore it,  
5 Kay.

6 CHAIR JAMES: No, we're not.

7 COMMISSIONER WILHELM: I beg your pardon. That's  
8 exactly where we're going, and I appreciate your efforts, but I  
9 --

10 CHAIR JAMES: We're not --

11 COMMISSIONER WILHELM: -- I want to finish here.

12 CHAIR JAMES: I want --

13 COMMISSIONER WILHELM: I want to finish here.

14 CHAIR JAMES: I want you to. And what I want to know  
15 from you, because I believe you have a valuable contribution to  
16 make here, is -- and you're headed down that list now -- are the  
17 list of things that you see lacking right now, because as I said  
18 coming in this is a work in process, and it will not be complete  
19 until we have a fair, balanced, accurate report on the impact of  
20 gambling, both social and economic, on people's lives.

21 So to that end, if you could continue down that list of  
22 things that are lacking.

23 COMMISSIONER WILHELM: I'm not going to be very precise  
24 because I've tried to be precise for the last several months.  
25 Let me just read you a section here on pages 7 and 8 of this  
26 draft from yesterday.

27 "The real question," it says, "the reason that the  
28 regulation of gambling is a special issue worthy of study by  
29 commissions is not how many people work in the industry, nor how  
30 much they earn, nor how much profit and taxes flow from gambling.



1 The central issue is whether the net increases in income outweigh  
2 the social costs of gambling."

3 And with that introduction, here's what it says. "The  
4 two questions that need to be answered, then, are: how much more  
5 do workers and owners, including government, make in gambling  
6 than they could make in other activities? And is this extra  
7 income greater than the social costs of gambling?"

8 Well, if those are the only two questions, we're going  
9 to ask about the job impact, then we're in different planets  
10 here.

11 Just by way of example, it may be of some relevance  
12 where those jobs are. I realize that macroeconomically people  
13 like to think about, well, what's the impact on the whole United  
14 States economy. I don't know. I don't know what the impact of  
15 privatized prisons on the whole United States economy is either.  
16 People build them anyway.

17 Why don't we ask another question. There's nothing  
18 wrong with those two questions. Why don't we ask, "Well, is it  
19 of any significance if people in Gary, Indiana have a job when  
20 they didn't used to?" Or people in Tunica County, Mississippi,  
21 which Jesse Jackson once described as the Ethiopia of America.

22 Is it of any significance that the people in  
23 Bridgeport, Connecticut, the third poorest city in America, still  
24 don't have a job? I think those things are just as relevant as  
25 these two questions here.

26 You know, other kinds of jobs are much fought over and  
27 subsidized by governments. When the State of Virginia decides to  
28 expend large sums of money subsidizing the arrival of high tech  
29 industry, you know, people have their own views about whether

1 that's a good subsidy or a bad subsidy, but what they talk about  
2 is, what impact will those jobs have in the State of Virginia?

3 They don't sit back and say, in Virginia, "Well, who  
4 cares if the job is in Seattle or in Virginia, it's the same  
5 difference?" No. They say, "We're going to fight for these jobs  
6 in Virginia because they're important."

7 Or when the people in New York and New Jersey have a  
8 big brawl in the organization that Mr. Leone used to chair about  
9 whether port jobs are going to be in New York or New Jersey, or  
10 whether they're going to be in Baltimore, they don't say, "Well,  
11 who cares? They're going to be eastern U.S." They fight about  
12 those jobs because good jobs matter. You can't find this in here  
13 anywhere.

14 Social costs -- is this extra income greater than the  
15 social cost of gambling? Well, that's an important question. It  
16 doesn't say anything in here about the social cost unemployment.  
17 It's not in here. It's not relevant, apparently.

18 So my view of this here is that, contrary to what I  
19 thought, we're way off track here. And we're way off track  
20 because people whose primary interest is in the economic impact  
21 have done the human thing to do here, and that is -- I shouldn't  
22 say people; let me just speak for myself. My assignment on this  
23 Commission is to represent the interests of gaming employees.

24 Well, I happen to think that gaming employees are human  
25 beings and citizens like anybody else. So I think as a human  
26 matter that the issues of social and economic -- I'm sorry -- of  
27 social impact and issues of problem and pathological gambling are  
28 extremely important, both to the people I represent, who may have  
29 that problem, some of them, and to people in general.

1           So I have said, "Good. Let's work on that. That's  
2 important." And those of you whose primary interest is problem  
3 gambling have, in effect, said, you don't say this out loud  
4 because it wouldn't be respectable, but in drafting stuff and in  
5 writing stuff, and in voting on stuff, you say, "Well, the  
6 economics don't matter because we don't know."

7           I don't buy the proposition, and I will not buy the  
8 proposition, that jobs make no difference because 94 to 96  
9 percent of the people work someplace, so who cares where they  
10 work. And I apologize for going on at such length.

11           CHAIR JAMES: No apologies necessary. And for one  
12 Commissioner, John, there's only one thing you said that I'd like  
13 to take issue with, and that is the impatience with your being a  
14 defender of the working people in this country. I, for one  
15 Commissioner, admire it and thank you for it.

16           Having said that, let's talk about this particular  
17 chapter. I will reiterate what I said at the beginning.

18           COMMISSIONER LEONE: May I say something?

19           CHAIR JAMES: Yes.

20           COMMISSIONER LEONE: It was not my understanding that  
21 this draft was going to be the basis for discussion and decision  
22 today. It was my understanding that this draft was going to be  
23 the basis for a redraft --

24           CHAIR JAMES: Correct.

25           COMMISSIONER LEONE: -- that incorporated a variety of  
26 other draft materials, including some that I have.

27           CHAIR JAMES: That's correct.

28           COMMISSIONER LEONE: I think John -- let me just start  
29 with a point John made at the beginning, though. One of the  
30 problems with the situation we're in is that we are patching

1 together language. I mean, I'm, for example, convinced that  
2 there is a formulation of the initial charge and statement that  
3 would attract eight or nine votes on this Commission.

4 I'm convinced that there is a formulation of the  
5 economic impact chapter that would -- a section of this chapter  
6 that would attract eight or nine votes on this Commission.

7 Such drafts are not appearing by the conventional  
8 process that involves some -- a staff development a draft that  
9 then is refashioned into a consensus document. We're now  
10 expecting such drafts to emerge by Commissioners, and their  
11 staffs where they have them, and others, submitting chunks of  
12 language which then become amalgamated into a report, the result  
13 of which is I don't think that we're going to satisfy anyone.

14 And I think honesty is the best policy. And to be  
15 honest about this draft, I wouldn't vote for this draft as it  
16 stands. It wasn't intended to be a motion or an assertion. It  
17 was the result of the pressure to produce some commentary and  
18 some additional language when we were confronted with an  
19 unsatisfactory draft to begin with.

20 And let me just take a moment on the macroeconomics and  
21 microeconomics that are in it.

22 CHAIR JAMES: Before you do that, Dick, I just want to  
23 talk a little bit about the process piece to make sure that,  
24 John, we're all on the same page here because Dick is absolutely  
25 correct about that.

26 COMMISSIONER LEONE: I thought I was talking about  
27 that. This has been the process.

28 CHAIR JAMES: Right.

29 COMMISSIONER LEONE: And the process produces the  
30 outcomes we have today. And I am -- I think what we have to --

1 as I said at some point yesterday, we would be better with a  
2 short report that we all focused on, and where the language made  
3 some sense, and where we found some consistency, than with this  
4 beast that we're building piece by piece. And this is a classic  
5 example.

6 Frankly, I'm not -- you know, I think we're  
7 sufficiently far from a finished product, that it's too early to  
8 spare, and probably not productive to get -- to overreact to the  
9 things that were submitted.

10 I had thought that this chapter would look very  
11 different. When we talked about it, it was going to be a chapter  
12 that had a lot of human stories in it. On the social impact  
13 side, they would tend to be negative. On the economic impact  
14 side, they would tend to be positive.

15 The record before the Commission has basically taken  
16 that form. Somebody would come in and talk about how they got  
17 off welfare by getting a good job. Somebody else would come in  
18 and talk about how they got on welfare because they gambled away  
19 all of their money. And we would vividly bring that to life in  
20 sidebars and in a variety of fashions.

21 And I think that we're on dangerous ground when we deal  
22 with these pieces, because the pieces will satisfy no one, not  
23 even sometimes the authors. And we saw some of that earlier this  
24 morning. So we need to make a radical turn in the process, or  
25 we're not going to make any more progress, I think, because we're  
26 going to break down on the issue of where we are and what we have  
27 before them.

28 And, obviously, it's incendiary in this context without  
29 to pass around pieces of paper without any sense of what they're  
30 for and how they fit into the overall scheme of things.

1 I will also say that John's basic comment is absolutely  
2 right. This chapter has no balance in it, but it is not a  
3 complete chapter, a real chapter. It's an attempt to fill in  
4 some of the blanks where somebody who -- you know, where people  
5 who don't know much about gambling but understand economic theory  
6 would say something about how that might be approached.

7 I have assumed that the rest of the blanks would be  
8 filled in by another process.

9 CHAIR JAMES: Which is, in fact, the case. And, John  
10 --

11 COMMISSIONER LEONE: I may have learned my lesson about  
12 submitting draft material, then.

13 (Laughter.)

14 CHAIR JAMES: At the risk of bringing down the wrath of  
15 the Commission, I would ask that you -- in recognizing that we  
16 have this information before us, these pieces before us, that  
17 need to be brought together, that, in fact, John, Dick, other  
18 Commissioners, is what I'm asking you to allow me the opportunity  
19 to do, to work with, to continue that, and have something that is  
20 a balanced document that we can then comment on fairly quickly.

21 John?

22 COMMISSIONER WILHELM: I want to be clear. It is not  
23 the particular draft that Richard happened to do on this  
24 particular chapter yesterday that troubles me. Not at all. I  
25 think Richard's contribution to this process is extraordinary,  
26 and I think, as I said earlier today, even while disagreeing with  
27 him, I think Richard has an extraordinary ability, both with  
28 ideas and concepts and with words.

29 I'm not talking, Richard, about any particular draft.  
30 The point I'm attempting to make here is that there is a thread

1 that runs through every piece of paper that is floating around  
2 here, virtually every one, with the possible exception of the  
3 Indian Gambling Subcommittee draft, and a thread that runs  
4 through the handful of votes that have been taken here.

5 And the thread is that those whose primary interest was  
6 in the social impact of gambling have been supported virtually  
7 unanimously by this Commission at every turn, nearly every turn  
8 anyway. And those who -- again, speaking only for myself, my  
9 primary interest here, while I'm not unmindful of the social  
10 impact, by my appointment, has to do with the economic impact.

11 And I don't believe that those of you who have social  
12 impact as your primary interest give a damn, frankly, to be blunt  
13 here. It's late in the game. I know everybody says the right  
14 thing. I don't see it in the paper. I don't see it in the  
15 votes.

16 COMMISSIONER LANNI: Kay?

17 CHAIR JAMES: Yes, Terry.

18 COMMISSIONER LANNI: John, I want to compliment you on  
19 what you had to say. You've always made me very proud, and you  
20 certainly did with those comments. And I couldn't agree more. I  
21 think the process is in a very difficult situation.

22 To have individual Commissioners write sections is  
23 automatically fraught with difficulties. I mean, for me to be  
24 asked to write the section on casinos, Commissioner McCarthy and  
25 Commissioner Dobson would probably be very concerned about that  
26 because of the fact that I am employed by a casino company.

27 I don't think it's appropriate for Commissioners who  
28 obviously have their own bent, their own philosophies, their own  
29 beliefs, to be writing something because human nature is you're

1 going to write it in a fashion that will be supportive of your  
2 particular position.

3 And all that does is cause confrontation, concern on  
4 the part of people who will say, "Well, what is he really trying  
5 to say here? And he's quoting this particular person; why is  
6 that?"

7 And I've said before, and I'll say it again, all of us  
8 who favor this particular industry will get all of our quotes  
9 together, get all of the information together, and the ones that  
10 don't support us we disregard, and the ones that support our  
11 position we include. That is human nature. And I think that is  
12 a project that -- or a process that is terribly flawed in that  
13 regard.

14 And I couldn't agree more. We have responsibility, and  
15 we do forget that. We have to study social and economic impacts.  
16 And, frankly, I think I've been fairer than some other people in  
17 this particular -- and I'm not going to name names. I will  
18 probably at some point.

19 (Laughter.)

20 But I think I have been fair. I have said -- and there  
21 are people with pathological and problem gambling. I've said  
22 that there are individuals that have this particular problem, and  
23 we've got to deal with it.

24 On the other hand, as John has pointed out, there are  
25 economic benefits. And I think even the greatest detractors of  
26 this particular industry in their heart of hearts would have to  
27 admit that there are people who are employed who wouldn't  
28 otherwise be employed, people who are employed with benefits who  
29 wouldn't be employed with benefits. And a job is not a job.



1           And, you know, a lot of people -- you go to  
2 Mississippi, you go to a lot of these areas. What opportunity do  
3 these people have? What company would move into Mississippi,  
4 with all due respect to Dr. Moore, and set up a facility there to  
5 engage and employ the number of people that the gaming industry  
6 has in that area? Our company is not in Mississippi, so I can  
7 say that very, very objectively.

8           And I think that is overlooked. And if there's any  
9 chance for this Commission to write a report, or a series of  
10 reports, we have to come to grips with the fact that it's going  
11 to work if there's consideration of all of the aspects that  
12 Congress has indicated we should study, and there's a sense of  
13 balance and a sense of compromise. And if we don't have that, we  
14 are surely lost.

15           And I have attempted to compromise. I have attempted  
16 to be balanced. Admittedly, I didn't like the word "moratorium,"  
17 as I said earlier. I tried to find language.

18           I thought that Richard found that language. And when  
19 it came to a vote, I don't think people voted on the basis of  
20 what was compromised, reasonable, and direct. I think it got  
21 very, very personal, and probably on both sides.

22           And I think that that may be the beginning of the end,  
23 in that regard, of this process. So I am very disappointed in it  
24 also.

25           COMMISSIONER LOESCHER: Madam Chairman, I'd like to  
26 offer --

27           CHAIR JAMES: Commissioner Loescher.

28           COMMISSIONER LOESCHER: -- of the day, and I think it's  
29 lunch.

30           (Laughter.)

1 CHAIR JAMES: I think that's entirely appropriate. And  
2 I will end on this: on this particular chapter, I think there's  
3 far more consensus, John, Terry, than even you may realize at  
4 this particular point, particularly on this chapter and gaming,  
5 the correct balance, throughout the entire document.

6 I would encourage Commissioners not to let one vote  
7 mark the beginning of the end. I think that if we continue to  
8 plug along and try to reach consensus that we still have the  
9 ability to do that.

10 COMMISSIONER BIBLE: Well, I think after lunch we're  
11 going to have to start talking about the process, as to how we're  
12 going to get -- if we're going to be together or not be together,  
13 and if we're not going to be together -- so we fully understand  
14 --

15 CHAIR JAMES: How we're going to work that.

16 COMMISSIONER BIBLE: -- the process from there on out.

17 CHAIR JAMES: Correct. With that, it is now 12:15.  
18 Let's reconvene at 1:30.